

# CDP SCORE REPORT - CLIMATE CHANGE 2021

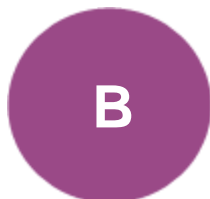


## New Balance Athletics, Inc.

<b>Region</b>	North America
<b>Country</b>	United States of America
<b>Questionnaire</b>	General
<b>Activity Group</b>	Textiles & fabric goods

The CDP Score Report allows companies to understand their score and indicate which categories require attention to reach higher scoring levels. This enables companies to progress towards environmental stewardship through benchmarking and comparison with peers, in order to continuously improve their climate governance. Investors will additionally receive a copy of the CDP Score Report upon request. For further feedback please contact your account manager or your key CDP contact.

### Your CDP score



### Average performance



Textiles & fabric goods

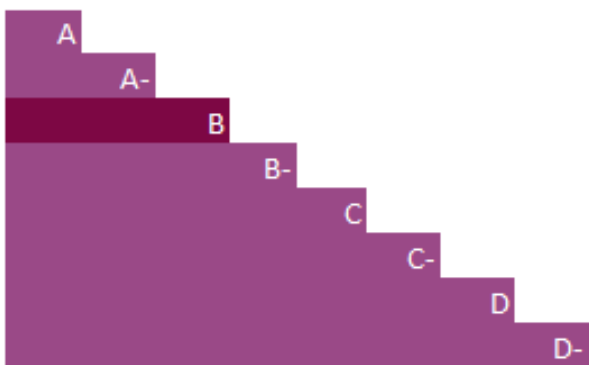


North America



Global Average

## UNDERSTANDING YOUR SCORE REPORT



New Balance Athletics, Inc. received a B which is in the Management band. This is higher than the North America regional average of C, and higher than the Textiles & fabric goods sector average of C.

**Leadership (A/A-):** Implementing current best practices

**Management (B/B-):** Taking coordinated action on climate issues

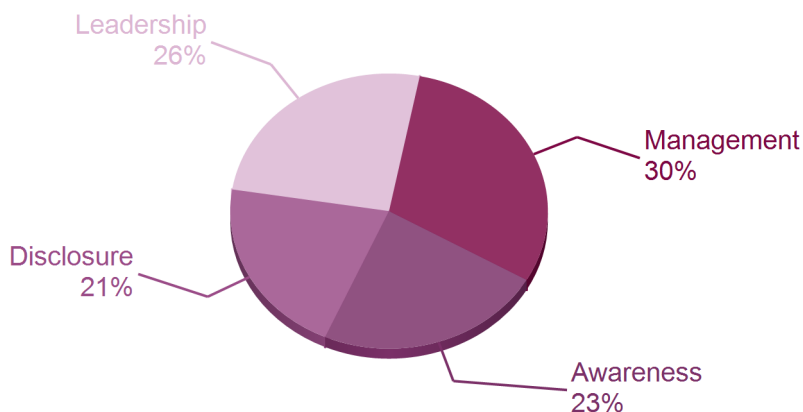
**Awareness (C/C-):** Knowledge of impacts on, and of, climate issues

**Disclosure (D/D-):** Transparent about climate issues

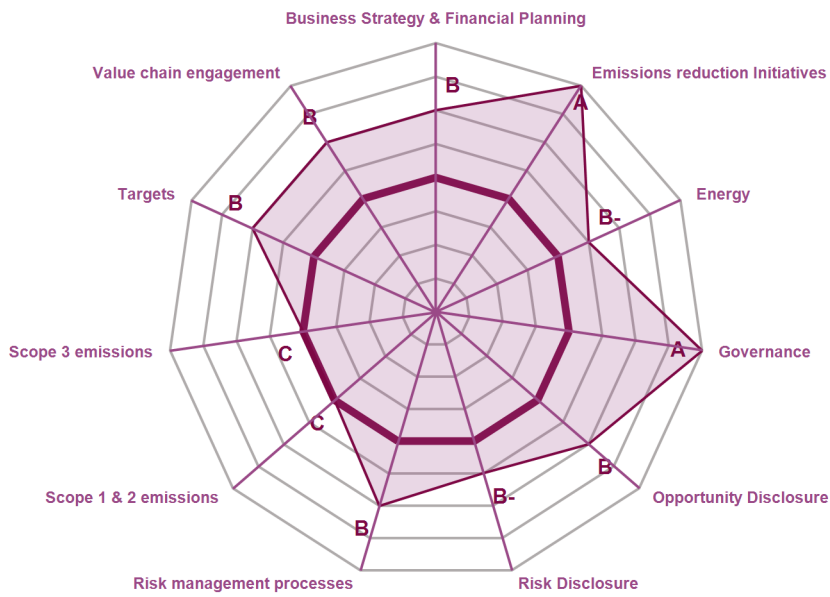
## ACTIVITY GROUP PERFORMANCE

### Textiles & fabric goods

Your company is amongst 30% of companies that reached Management level in your Activity Group



## CATEGORY SCORES



If a company scored C or below, they will not have been scored for management or leadership points (the dark purple line represents this). Please download the ['CDP Scoring Introduction'](#) for more information.

# CDP SUPPLIER ENGAGEMENT RATING REPORT 2021



## New Balance Athletics, Inc.

<b>Region</b>	North America
<b>Country</b>	United States of America
<b>Questionnaire</b>	General
<b>Activity Group</b>	Textiles & fabric goods

CDP evaluates organizations engagement with their suppliers on climate change. Purchasing organizations have the potential to incentivize significant environmental changes through engagement with their suppliers. By evaluating supplier engagement and recognizing best practice, CDP aims to accelerate global action on supply chain emissions. This document presents your supplier engagement rating and helps you benchmark against your peers.

### YOUR SER



### Average performance



**Textiles & fabric goods**

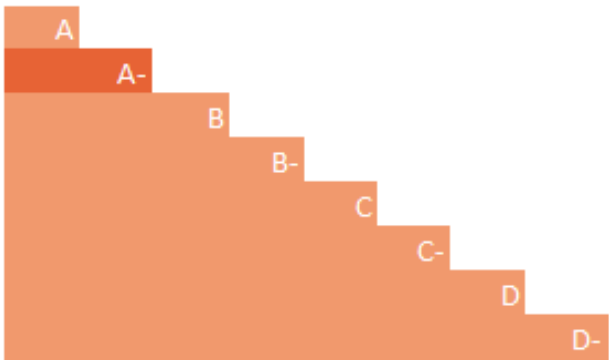


**North America**



**Global Average**

## UNDERSTANDING YOUR SCORE REPORT



New Balance Athletics, Inc. received a A- which is in the Leadership band. This is higher than the North America regional average of B-, and higher than the Textiles & fabric goods sector average of B-.

**Leadership (A/A-):** Implementing current best practices

**Management (B/B-):** Taking coordinated action on supplier engagement

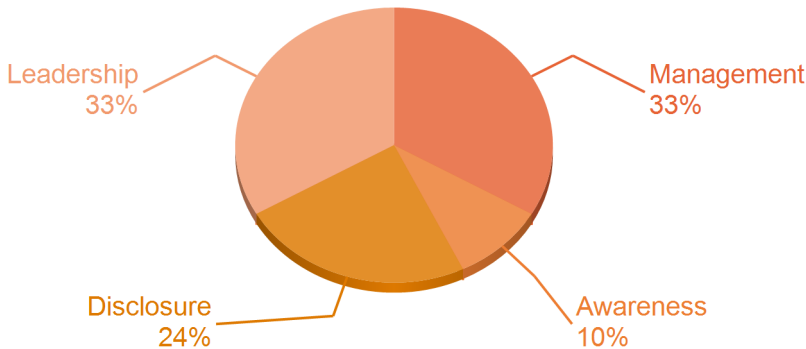
**Awareness (C/C-):** Knowledge of impacts of supplier engagement

**Disclosure (D/D-):** Transparent about supplier engagement

## ACTIVITY GROUP PERFORMANCE

### Textiles & fabric goods

Your company is amongst 33% of companies that reached Leadership level in your Activity Group



C0. Introduction

C0.1

**(C0.1) Give a general description and introduction to your organization.**

New Balance is a global athletic footwear and apparel brand. Headquartered in Boston, MA, New Balance has the following mission: Demonstrating responsible leadership, we build global brands that athletes are proud to wear, associates are proud to create and communities are proud to host. Manufactured in the U.S. for over 75 years and representing a limited portion of our U.S. sales, New Balance Made U.S. is a premium collection that contains a domestic value of 70% or greater. New Balance owns five footwear factories in New England and one in Flimby, U.K. New Balance employs more than 6,000 associates around the globe, and in 2020 reported worldwide sales of \$3.3 billion.

C0.2

**(C0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2020	December 31 2020	Yes	1 year

C0.3

**(C0.3) Select the countries/areas for which you will be supplying data.**

- Australia
- Austria
- Belgium
- Canada
- China
- China, Hong Kong Special Administrative Region
- Denmark
- Finland
- France
- Germany
- Indonesia
- Ireland
- Italy
- Japan
- Netherlands
- New Zealand
- Poland
- Singapore
- South Africa
- Spain
- Taiwan, Greater China
- United Kingdom of Great Britain and Northern Ireland
- United States of America
- Viet Nam

C0.4

**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

USD

C0.5

**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

Operational control

## C1. Governance

### C1.1

#### (C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

### C1.1a

#### (C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Other C-Suite Officer	New Balance is a privately-owned company. General Counsel is one of three Directors at the company, reporting directly to the company owner. General Counsel is a member of the Senior Leadership Team (SLT) along with other C-suite executive members, described below. The Responsible Leadership team, which leads New Balance's climate program, reports directly to General Counsel. The VP of Responsible Leadership meets bi-weekly with General Counsel to discuss aspects of the program, including climate-related strategy, risks, action plans, investment needs, and progress. An important decision taken by General Counsel in 2020 was for New Balance to sign the "We Are Still In" statement, which called for an ambitious national climate response as part of the COVID economic recovery plans. In 2020, General Counsel also reviewed and approved our agreement with 1% for the Planet where a percentage of sales are donated to benefit non-profit organizations working on climate change and protecting public lands.
Board-level committee	Our Senior Leadership Team (SLT) is equivalent to a Board Level Committee and is the highest level of collective decision-making at New Balance. SLT includes the C-suite executives across the business, including the General Counsel (described above), the CEO, the COO, and others. The CEO has overall responsibility for the business, sets strategic priorities, ensures Responsible Leadership is viewed as a core part of the company culture, and approves key sustainability goals and commitments, such as joining RE100 and signing the UN Fashion Industry Charter for Climate Action and the underlying goals. The COO has responsibility for New Balance's Value Chain and is the top of the chain in command for any climate-related issues that tie back to supply chain and company operations. Most of our environmental impacts are tied to our value chain and occur during the production and transportation of our products. Reducing those impacts requires a strategy that is integrated through our supply chain and product creation process, which is coordinated through the Responsible Leadership Steering Committee (described below in C1.2).

### C1.1b

#### (C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	<ul style="list-style-type: none"> <li>Reviewing and guiding major plans of action</li> <li>Reviewing and guiding annual budgets</li> <li>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</li> </ul>	<Not Applicable>	New Balance's SLT met at least monthly in 2020 and the focus was primarily on COVID response. Climate-related issues are scheduled on the SLT agenda throughout the year to discuss integration of climate-related issues into broader plans of action, guide annual budget decisions, and monitor progress against our public goals. Additionally, climate-related issues are discussed with members of the SLT on a more frequent individual basis and through the RL Steering Committee. For example, there are regular bi-weekly meetings between the VP of Responsible Leadership and General Counsel, who is "Board level" and is one of only three Directors at the company. The COO--a member of the SLT--sits on the RL Steering Committee.

### C1.2

#### (C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify (RL Steering (COO))	<Not Applicable>	Other, please specify (Strategic oversight of climate issues and action plans)	<Not Applicable>	Annually
Other, please specify (VP Responsible Leadership)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly
Other, please specify (Head of Global Sustainability)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Annually

### C1.2a

**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

New Balance's SLT is equivalent to a Board Level Committee and consists of all C-suite positions. A separate committee, called the Responsible Leadership (RL) Steering Committee, meets quarterly and includes the COO (a member of SLT) and a member of New Balance's ownership. // The VP of RL is responsible for day-to-day work with the company's sustainability strategy and performance, with a strong focus on climate-related issues. The VP meets bi-weekly with General Counsel to discuss all aspects of the RL program, including climate change targets, priorities, progress, budget, and any barriers. // The Head of Global Sustainability creates and owns New Balance's sustainability strategy and climate change strategy. Together, VP and Head report at least annually to SLT and quarterly to RL Steering Committee regarding the company's impacts, progress toward previously set targets, goals, and strategies. While climate-related issues are on a formal agenda at least annually, climate-related issues are discussed with members of the SLT throughout the year in separate meetings with the General Counsel, CEO, and COO.

Organizational structure: Head of Global Sustainability reports to the VP of Responsible Leadership; the VP of Responsible Leadership reports directly to GC (Board level).

**C1.3**

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

	Provide incentives for the management of climate-related issues	Comment
Row 1	No, and we do not plan to introduce them in the next two years	There are no incentives tied singularly to management of climate-related issues. Some individuals, such as the Head of Global Sustainability, have specific climate-related goals within their annual performance objectives, which form the basis of annual performance reviews and bonus allocations.

**C2. Risks and opportunities**

**C2.1**

**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

**C2.1a**

**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

	From (years)	To (years)	Comment
Short-term	0	2	
Medium-term	2	5	
Long-term	5		

**C2.1b**

**(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

We assess environmental risks, including climate-related risks, according to probability of occurrence and the expected level of impact or potential harm. Probability of occurrence is rated as high, medium, and low, informed by known prior occurrences and expected future occurrence. Impacts are generally either financial or strategic. (1) Substantive financial impact is defined as any risk that has a likely probability over the next 5 years of creating lost revenue or increased cost of \$15M or higher (0.5% of \$3B revenue). In cases where exact financial impacts are not or cannot be calculated, we rate financial impact as high, medium, and low according to potential impact on sales and expected cost to implement a mitigation action. (2) Substantive strategic impacts are those that are likely to (a) generate reputational impact to our brand, garner significant media attention, or be highlighted as a priority by key external stakeholders (e.g. 30% of our target consumer identifies climate as their top concern), (b) significantly disrupt value chain operations (sourcing, distribution, retail) or strategic Tier 1 manufacturing locations, or (c) jeopardize any of our top 5 key raw materials (e.g. polyester, leather, cotton, etc.). Strategic impacts can be determined to be substantive even if they have lower probability or do not yet meet the financial threshold defined above. Most of our high priority impacts at this point are, in fact, considered strategic in nature. Highest risks are addressed as key pillars of our Responsible Leadership program; response measures and programs are created, proposed to senior leadership, and tracked.

**C2.2**

**(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

**Value chain stage(s) covered**

Direct operations  
Upstream  
Downstream

**Risk management process**

Integrated into multi-disciplinary company-wide risk management process

**Frequency of assessment**

Annually

**Time horizon(s) covered**

Short-term  
Medium-term  
Long-term

**Description of process**

NB identifies and determines climate-related risks and impacts through company-wide assessments that consider our direct operations and our supply chain, including: supply chain audits and assessments, risk mapping exercises, life cycle analysis (LCA) of our key materials, supplier Environmental Impact Data (EID) collection, and screening public databases for supplier violations, like IPE's platform. We began using the SAC's Higg FEM tool to assess our Tier 1 footwear suppliers in 2015 and use those annual assessment to identify areas of poor performance and to inform supplier goal setting and improvement efforts. The most recent version of Higg FEM 3.0 was rolled out to roughly 80 suppliers, including all Tier 1 footwear suppliers, key Tier 1 apparel, and some of our largest Tier 2 material suppliers. Energy consumption and associated GHG emissions in our direct operations and across our supply chain have been identified as material topics for our business. That formed the foundation for our RE100 target to achieve 100% renewable electricity across our global operations by 2025 and our decision to become a signatory of the UN Fashion Industry Charter for Climate Action with the goal of reducing Scope 1, 2, and 3 emissions by 30% by 2030. Within our operations, our procurement of renewable electricity has more than doubled since our baseline in 2017. Our owned Flimby UK footwear factory, as an example, has a rooftop solar installation that provides approximately 30% of the factory electrical demand, and the remaining 70% is purchased as renewable energy through a utility program. We are assessing potential wind turbine options for that site that would allow 100% of the electrical needs to be met by on-site generation. To identify and evaluate upstream climate-related risks, we conduct assessments in our supply chain and have developed a comprehensive supply chain energy program. We focus our attention on Tier 1 footwear factories and Tier 2 mills and tanneries, which represent a significant portion of our Scope 3 emissions. Tier 1 footwear manufacturing accounts for approximately 15% of our Scope 3 Category 1 emissions and represents one of our top 3 sources of emissions. Our Environmental Impact Data (EID) data collection program has tracked monthly Tier 1 footwear manufacturing energy use since 2014. We are addressing upstream energy efficiency and renewable energy transition through several partnerships and collaborations, like IFC's VIP program and multiple GIZ programs, which are all focused on implementing energy efficiency measures, building energy management capabilities, assessing feasibility of rooftop solar, and helping suppliers develop new rooftop solar installations. In 2020, we had 5 new rooftop PV systems installed at Tier 1 and Tier 2 sites, including a 2MW system at a Tier 2 supplier that will provide almost 60% of their electrical needs. We have worked closely with the Clean by Design (CBD) program since 2015 and IFC's Vietnam Improvement Program (VIP) since 2016 to bring essential outside expertise into our factories and mills. Six key textile mills have participated in the CBD program in China and Taiwan (ROC). Four of those mills completed the program already and identified GHG reductions of 4,673 MTCO<sub>2</sub> and freshwater savings over 1.3 million cubic meters. Shinkong Textile—a participant in the 2019-2020 CBD cohort—selected eight energy and water conservation measures for implementation in 2020 and identified annual GHG reductions of 824 MTCO<sub>2</sub> (equal to 12% of its total), water savings of 32,455 m<sup>3</sup> (equal to 7% of its total consumption), and cost savings of \$168,000. Parts of our supply chain are vulnerable to disruption due to physical climate impacts, like flooding from precipitation or sea level rise, extended drought, and water stress. Leather tanning and textile manufacturing (particularly the dyeing and finishing of fabrics) are often very water- and energy-intensive. Further up the supply chain, agricultural operations like cotton production or cattle ranching may suffer, limiting our access to key raw materials (cotton and leather are two of our top three materials), while also creating lower quality materials and greater levels of price volatility. Financial impacts vary but could include: (1) increased material costs; (2) delays or reduced production; (3) costs associated with identifying new suppliers, adapting facilities, or relocating operations to less susceptible locations. We assess these risks at our most important material suppliers based on geographic location, resource consumption levels, and recent regulatory violations or emerging regulations. GPS locations are mapped against the WWF Water Risk Filter maps; consumption data is available through Higg FEM assessments; and regulatory violations are screened in IPE's database. Suppliers with high water needs and high risk factors are prioritized. Our response includes continued recruitment of mills into mill improvement programs like Aii's Clean by Design and similar programs to drive investments in energy efficiency and water efficiency; joining Better Cotton Initiative (BCI) in 2020 to source more sustainable cotton and improve practices at the farm level; joining Cotton 2040 to better understand climate risks to global cotton production; and increased investments in recycled materials and materials that use less water for dyeing and finishing (e.g. dope dyed recycled polyester).

**C2.2a**

**(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?**

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Current global and local regulations and laws are considered in our risk assessments as needed, such as when a regulation is updated or if our operations change in a way that trigger new compliance requirements. Examples of current regulations include national or regional carbon taxes and municipal energy efficiency programs. New Balance is not currently exposed to major schemes such as the EU ETS or the UK CRC. These risks are assessed with input from regional teams and with 3rd party consultants as needed. While regulations related to carbon and climate change may have direct impacts on our business, we do not find these regulatory risks to be material yet. Our business is not highly energy intensive and nearly all of our facilities fall outside the scope or below threshold requirements for current regulations limiting emissions, cap and trade programs. Still, our owned Flimby factory operations in the United Kingdom have seen increased utility costs, linked to national climate goals and policies to reduce CO2 emissions. Electricity rates are significantly higher than other regions. As a control, New Balance invested in on-site renewable generation, which continue to see favorable payback and net present value as grid prices continue to escalate. Current climate-related regulation for our supply chain is more complex, as our products are obtained from both owned and contracted manufacturing facilities across the globe. New Balance publishes a list of our manufacturing locations on our Responsible Leadership website, updated twice per year. In Vietnam, for example, several of our suppliers are considered "high energy users" and must meet requirements of Vietnam Law on Economical and Efficient Use of Energy (50/2010/QH12, Chapter VIII, Article 33-34) and DECREE No.21/2011/ND-CP. As a control measure, these supplier facilities are engaged in our supply chain energy program, which includes requirements for regular energy data reporting, hiring an energy manager, creating an energy team at the facility, conducting a 3rd party energy audit, and creating an Energy Efficiency Plan (EEP) that identifies saving opportunities for high energy end uses/equipment.
Emerging regulation	Relevant, sometimes included	Climate change legislation is expected to grow considerably in the following years in the regions where we operate. More than 70 countries have committed to working toward net zero emissions by 2050. There are now 61 carbon pricing initiatives in place or scheduled for implementation, consisting of 31 ETSs and 30 carbon taxes. More have started to consider "complementary carbon pricing initiatives beyond the coverage of their existing carbon pricing systems to reach mitigation targets." Some countries, like Germany, are planning carbon pricing for sectors not currently included in the EU ETS. The reach of carbon pricing initiatives is growing as more sectors and gases are being covered and thresholds are being lowered. These emerging regulations may become relevant to our business, and we include emerging regulations and trends in our ongoing climate-related risk assessments. Compliance with future regulations will likely require additional expenditures. For example, it is likely that regulations in the EU will introduce new requirements for consumer-facing sustainability claims and extended producer responsibility (EPR) schemes to address packaging and product end of life. This could impact the way in which New Balance promotes footwear and apparel in the EU and may require increased environmental impact assessments to substantiate product claims. Additionally, carbon taxes or border adjustment mechanisms within key sourcing countries and markets could raise the costs of our materials and final products. Carbon taxes linked to transportation could impact inbound logistics costs, which represents approximately 15% of New Balance's Scope 3 emissions. Our Responsible Leadership team tracks emerging regulation and policy via our membership in various industry groups and trade associations, including the SAC, WFSGI, Outdoor Industry Association, AAFA, and FESI. We also work closely with our Government Affairs team to advocate for new policies that are aligned with our overall climate strategy. In 2020, for example, New Balance participated in V-LEEP to encourage the Vietnamese government to create new pathways for suppliers to access renewable energy, and we signed a similar joint Declaration of Support for RE in Mexico organized by WRI Mexico and the CEIA.
Technology	Relevant, always included	Climate-related technology risks and opportunities fall into four main categories for New Balance: (a) Energy Efficiency: Technologies that have a significant energy reduction potential are always considered. New Balance sees this as an opportunity and is focusing on energy efficiency in its buildings and across the supply chain. (b) Renewable Energy: As part of our RE100 goals, New Balance is continuously seeking and assessing opportunities to generate more on-site renewable energy (e.g. Flimby wind turbine) or support off-site generation through PPAs and similar mechanisms. (c) Circularity: Creation of more circular products, materials, and related services (e.g. repairs) depends on new infrastructure, logistics, new material compositions, and implementation partners. (d) Digitization: Digital product creation capabilities like MODO have presented an opportunity for reduced sampling and more cohesive and engaging digital consumer experience.
Legal	Not relevant, explanation provided	Climate-related litigation is unlikely in the apparel industry and is not included in risk assessments. New Balance has not received any climate-related litigation claims to date and are not aware of any potential issues.
Market	Relevant, always included	We think about market risks in four categories: (a) Market access and size: Climate change poses a risk to New Balance if outdoor athletic participation decreases as temperatures rise and related conditions make outdoor exercise unhealthy or impossible at times. (b) Shifting customer expectations and retailer requirements: We use feedback and requests from our key customer accounts and other stakeholders to understand changes in market demand and market concerns related to climate change and sustainability. We have seen an increase in questions from key retailer accounts about climate change. Some are members of industry initiatives alongside New Balance and are now using the SAC Higg BRM as a way to measure brand performance or have introduced their own standards. Amazon launched a new "climate-friendly" badge to indicate more sustainable product offerings. Failure to meet key retailer requirements could lead to order loss or lower conversion, while meeting them can contribute to healthy customer relationships and increased orders that help accounts meet their own stated goals. (c) Shifting consumer behavior and demands: 1 in 3 of our target consumer audience lists climate change as their top environmental concern, and we have seen increased consumer interest in sustainable products and general consumer awareness of environmental issues related to footwear and apparel. One example of addressing this shifting consumer behavior is that New Balance began collaborating with the Renewal Workshop to assess feasibility of recommerce for New Balance apparel, with a planned pilot to take place in 2021. The Renewal Workshop is a pioneer in circular apparel and a leading provider of circular services that allow brands to find new life for items through repair and resale. (d) Commodity pricing, quality, and availability: Polyester, leather, and cotton are our highest volume materials. We also use chemicals, dyestuffs, various foams, and rubber. Climate risks related to these materials and their processing have shaped our strategy to use more preferred materials, including recycled materials, low water dyeing techniques, and exploration of regenerative agriculture practices. As a control, New Balance joined the Better Cotton Initiative (BCI) in 2020 as a way to contribute to improved cotton growing practices globally, and we are participating in Cotton 2040, which created a first-ever study of global climate risks for cotton.
Reputation	Relevant, always included	As a consumer facing brand, New Balance is at risk for negative publicity and activist campaigns regarding our company's response to climate change or the industry's climate impact in general. Each year, various reports are published that highlight the environmental impacts of the textile and apparel industry, and awareness spreads quickly with social media. We monitor this and manage these risks by (a) tracking questions submitted to the brand by consumers and NGOs, (b) answering questionnaires and providing input to various rating systems and surveys when possible, and (c) by actively building relationships with institutions like the United Nations and World Bank, NGOs like IPE and Natural Resources Defense Council, and trade associations like AAFA and FESI. We work closely with global organizations, governments, and competitors to create innovative industry standards and supply chain programs that address resource efficiency, like Sustainable Apparel Coalition (SAC), Apparel Impact Institute (Aii), Zero Discharge of Hazardous Chemicals (ZDHC), and the UN Fashion Industry Charter for Climate Action. Understanding consumer expectations and establishing a better dialogue with consumers about climate change and our actions is a critical part of our risk management process. We know our target consumer is interested in climate change and seeks brands that share their values. New Balance began a new partnership with 1% for the Planet in 2020 to speak directly to consumers through product—our most important touch point—and help engage consumers in climate change advocacy and protecting the outdoor spaces where we love to run. We also evaluate sourcing risks that could impact our reputation, such as sourcing from suppliers that violate basic environmental regulations. Our supply chain environmental program is designed to minimize these risks. For example, in 2020, New Balance was ranked 10th out of 540 companies in IPE's Corporate Information Transparency Index (CITI) that evaluates brands according to how well they address supply chain environmental responsibility in China.
Acute physical	Relevant, always included	Acute physical risks from severe weather events are always considered and are highly relevant for our material suppliers, manufacturing partners, and distribution facilities. Vietnam and Indonesia, two of New Balance's key manufacturing countries, are highly vulnerable to flooding and extreme weather events linked to climate change. We could experience business or operational supply chain disruption if a factory, mill, or port were required to close due to flooding or storm damage. In 2020, we updated our risk mapping of top Tier 2 suppliers using WWF's Water Risk Filter and continue to work with high risk suppliers on improvements.
Chronic physical	Relevant, sometimes included	Long-term impacts of climate change—like chronic changes in water availability and rising temperatures—can have significant negative impacts on agricultural production, ultimately impacting availability of materials and raising commodity prices. These potential trends could increase NB's costs because our products rely on agricultural raw materials like leather and cotton. All of our key materials also require water and energy for processing and finishing. As a mitigating action, New Balance is (a) taking steps to better understand these agricultural risks in greater detail (e.g. joined Cotton 2040, which is undertaking a global study of climate risk for cotton), (b) working directly with organizations like IFC and Apparel Impact Institute to enroll our mills and tanneries into improvement programs that reduce their reliance on energy and water resources, and (c) utilizing undyed materials and new low-water dyeing techniques like dope dye to dramatically reduce or eliminate the need for water in the processing stage.

**C2.3**

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

**C2.3a**

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

Identifier



Risk 1

**Where in the value chain does the risk driver occur?**

Upstream

**Risk type & Primary climate-related risk driver**

Chronic physical	Changes in precipitation patterns and extreme variability in weather patterns
------------------	---

**Primary potential financial impact**

Increased indirect (operating) costs

**Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

**Company-specific description**

Changes in precipitation patterns and extreme variability in weather patterns present considerable upstream supply chain risks related to water scarcity, water security, and business continuity challenges from flooding, more intense storms, and extended periods of excessive heat. Agricultural operations like cotton production or cattle ranching may suffer, limiting our access to key raw materials (cotton and leather are two of our top three materials), while also potentially creating lower quality materials and greater levels of price volatility. These fluctuations in price and availability could have a significant adverse effect on NB's cost of materials or our ability to meet customer demands. Textile mills, tanneries, and final product manufacturing face more limited access to water, changes in water quality, and physical threats from more frequent/excessive flooding. New Balance sources products and materials from hundreds of sites across the globe, reflected in our public supplier lists that are published on our Responsible Leadership website. New Balance uses WWF's Water Risk Filter (and the Water Resource Institute (WRI) Aqueduct Mapping within supplier Higg FEM assessments) to assess water risks by location. Our supply chain sustainability team then further adjusts risk ratings based on known operational conditions per supplier and local regulatory considerations. In 2020, we updated our water risk assessment for key suppliers to determine which suppliers are located in high water risk locations, including areas of Vietnam, China, and Indonesia.

**Time horizon**

Medium-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

Financial impacts related to chronic climate events are difficult to estimate. We do not have an estimated financial impact figure. This is rated as high impact because it is broadly applicable to multiple tiers of the supply chain (including key Tier 1 and Tier 2 sites), mitigation costs can be high (including high capital expenditure for pumping and other flood mitigation infrastructure or site work), and impacts can include loss of sales from product not reaching the market on time or at all.

**Cost of response to risk**

80000

**Description of response and explanation of cost calculation**

New Balance committed to 100% preferred cotton use by 2023 and supports more sustainable cotton growing methods. We joined the Better Cotton Initiative (BCI) in 2020 as a way to contribute to improved cotton growing practices globally, and we are participating in Forum for the Future's Cotton 2040 initiative, which created a first-ever study of global climate risks for cotton. New Balance also committed to using 100% preferred leather use by 2025 and is a long-time member of the Leather Working Group, which runs a global audit and rating system for tanneries. These goals and programs help mitigate risks associated with two of our highest volume materials that are susceptible to climate change. In order to assess and control supplier facility-related risks, New Balance is a member of the Sustainable Apparel Coalition (SAC) and requests suppliers to complete an annual Higg FEM assessment. This allows us to gather resource consumption data from participating Tier 1 and Tier 2 suppliers, including annual energy use, water consumption volumes and water sources. Water risk is further assessed within the Higg FEM tool through the World Resource Institute's (WRI) Aqueduct tool, and New Balance uses the WWF Water Risk Filter to map supplier locations and assess water-related risks. New Balance has mapped its strategic Tier 2 material textile mills and tanneries against WWF water risk maps to better understand which suppliers may be located in particularly risky zones, and then works to engage those suppliers in mill improvement programs like Apparel Impact Institute's Clean by Design program that focusses on resource efficiency in their operations. More visibility is needed into deeper parts of the supply chain to better understand the risks associated at farm/raw material level. The cost of management includes membership fees for various organizations: BCI membership fee \$6,500, LWG membership fee \$5,000, SAC membership fee \$45,000, UN Charter membership fee portion \$10,000, Aii \$15,000.

**Comment**

These risks are difficult to classify within a single impact category as they are likely to have broad-reaching impacts across the value chain, including direct operations, supply chain, and downstream distribution and sales.

**Identifier**

Risk 2

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Emerging regulation	Mandates on and regulation of existing products and services
---------------------	--

**Primary potential financial impact**

Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**

&lt;Not Applicable&gt;

**Company-specific description**

Emerging laws and regulations related to climate may impact cash flow, sourcing strategy, regional sales, and reputation. For example, our industry experienced a heightened level of dialogue in recent years surrounding several potential laws and regulations for carbon pricing, microfiber pollution, deforestation/biodiversity, product environmental labelling, and product circularity. We currently monitor these activities and emerging regulations primarily through industry multi-stakeholder initiatives (like AAFA, SAC, and FESI) to remain aware of and prepare for any upcoming obligations. More detailed and accurate product footprints and related consumer-facing product labelling standards are being developed in many countries that are key New Balance markets, such as the 'Product Environmental Footprint (PEF)' in the EU. Some of these are expected to become mandatory and are considered a high priority within the EU strategy. These might become applicable to New Balance product portfolios within different regions, introducing new requirements to maintain business in key regions. Meeting these new requirements would likely require significant investment in product lifecycle assessment, including additional levels of traceability, transparency, and material- and product-level environmental data. New Balance would need to establish new, enhanced data collection and analysis tools, and additional headcount would be needed to manage such a program. Not meeting these new requirements could lead to loss of business, legal actions related to improper claims, and poor stakeholder relations and reputation.

**Time horizon**

Short-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

No, we do not have this figure calculated.

**Cost of response to risk**

450000

**Description of response and explanation of cost calculation**

Additional annual costs include software and IT upgrades, consulting, and at least one additional headcount to manage, estimated to be: software and IT upgrades \$250,000; consulting \$100,000; headcount for 1 additional \$100,000. New Balance monitors emerging regulations primarily through industry multi-stakeholder initiatives (like AAFA, SAC, and FESI) to remain aware of and prepare for any upcoming obligations. Together, industry stakeholders can influence policy creation. New Balance is also an active member of the Sustainable Apparel Coalition (SAC), which is developing tools like the Higg Product Module that are intended to become global industry standards, providing scalable tools for product footprinting and more informed product development.

**Comment****Identifier**

Risk 3

**Where in the value chain does the risk driver occur?**

Downstream

**Risk type & Primary climate-related risk driver**

Chronic physical	Rising mean temperatures
------------------	--------------------------

**Primary potential financial impact**

Decreased revenues due to reduced demand for products and services

**Climate risk type mapped to traditional financial services industry risk classification**

&lt;Not Applicable&gt;

**Company-specific description**

Increasing heat and other climate impacts will restrict major sports. The Climate Reality Project outlines a number of resources that dive deep into this topic: <https://www.climateRealityProject.org/blog/how-climate-crisis-threatens-future-sports>. As a top 3 athletic brand, New Balance faces a significant risk if people cannot participate in outdoor athletics or are preoccupied with other climate-related adaptations. This has been a recurring and growing concern in the past few years. (a) Heat: New Balance makes cricket shoes, apparel, team kits, and equipment. Under cricket's new extreme heat policy, extreme heat has led to the cancellation of cricket games in Australia and poses a continued threat to future of the game. In tennis, both the Australian Open and the U.S. Open have implemented heat rules to help protect players; tennis star Coco Gauff is one of New Balance's top tier athletes. Changes are also being made for 2021 Tokyo Olympics, where New Balance has several high-profile track athletes participating in the games. The Olympic games will occur at the high of the Japanese summer with anticipated average temperature nearly 90 degrees and humidity topping 55 percent. The Tokyo games will be on par with some of the hottest athletic events ever staged. (b) Air Quality: The problems extend beyond temperature, as air pollution can decrease lung function and reduce blood flow, both extremely important for athletes. In the past several years, races have been cancelled because of increases in wildfire smoke and 2020 saw widespread cancellations of events due to COVID, which can be linked to climate change as it creates conditions that affect the transmission of disease and increase the risk of pandemics. New Balance is a sponsor of some of the largest and most prestigious marathons in the world, including the New York City Marathon and London Marathon – both cancelled in 2020. (c) Water: Finally, if we consider weather and precipitation impacts, a study in England found that on average, grassroots football (soccer) clubs lose five weeks every season due to bad weather. Global football is a high priority for New Balance, representing a key area of growth for the business and several high-profile investments in club sponsorship and individual players like Sadio Mane, Raheem Sterling, Rose Lavelle, and Bukayo Saka.

**Time horizon**

Short-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

No we do not have this figure yet.

**Cost of response to risk**

0

**Description of response and explanation of cost calculation**

It is difficult to calculate a cost for the response to this risk as they vary widely and are dispersed and integrated into cost centers across business units and functions.

**Comment****Identifier**

Risk 4

**Where in the value chain does the risk driver occur?**

Downstream

**Risk type & Primary climate-related risk driver**

Reputation	Increased stakeholder concern or negative stakeholder feedback
------------	--

**Primary potential financial impact**

Decreased revenues due to reduced demand for products and services

**Climate risk type mapped to traditional financial services industry risk classification**

&lt;Not Applicable&gt;

**Company-specific description**

Consumers, media and NGOs are increasingly aware of climate change, and the expectations for business continue to grow. New Balance is at risk for negative publicity or campaigns regarding our response to climate change or the industry's impacts in general. We have identified "Dialogue" as a key element of our sustainability strategy and are actively engaged with organizations around the world, including United Nations, World Bank, Environmental Defense Fund, and a host of trade associations like AAFA, WFSGI, OIA, and FESI. New Balance is a member of RE100, a signatory of the UN Fashion Industry Charter for Climate Action, and a member of the Outdoor Industry Association Climate Action Corps. As part of these efforts, New Balance has set ambitious goals for our Scope 1, 2, and 3 emissions. We also started a new partnership with 1% for the Planet, where a portion of sales is being donated to benefit non-profit organizations specifically working on climate change and protecting public land. This program is intended to speak directly to consumers through product—our most important touch point—and help engage consumers in climate change advocacy and protecting the outdoor spaces where we love to run. In June 2020, New Balance also launched a new consumer-facing green leaf icon on product to indicate products that are made with more environmentally preferable materials, including recycled polyester, which has a significantly lower carbon impact than virgin polyester. The green leaf icon was launched in 2020 on apparel and applied to roughly 20% of apparel skus.

**Time horizon**

Short-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

No we do not have this figure. Potential financial impacts from reputational risks could include loss of revenue related to reduced sales. While we know that sustainability impacts purchasing patterns, it is difficult to account for the causation sustainability has on final purchasing decision due to the high degree of confounding variables.

**Cost of response to risk**

0

**Description of response and explanation of cost calculation**

The costs associated with stakeholder engagement and related activities are considered to be part of New Balance's cost of business and are listed as no additional cost for responding to this risk (\$0). By working with RE100 and the UN Charter to address our Scope 1, 2 and 3 emissions, we aim to reduce emissions related to our activities and make sure our targets are aligned with international movements. RE100 investment is based on our membership fee of \$3,000 and related REC procurement in 2020. There were no costs for the UN Charter in 2020 other than staff time to participate in multiple working groups. Costs associated with 1% for the Planet program in 2020 are based on the sales of the Fresh Foam Hierro v6 shoe. Launch of the shoe was delayed due to covid in 2020 and there were no reportable sales in 2020. The only cost incurred was initial membership fee of \$2,000. Donations will begin in 2021. Green leaf costs are considered \$0, built into COGS and material pricing.

**Comment**

---

C2.4

---

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

C2.4a

---

**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Energy source

**Primary climate-related opportunity driver**

Use of lower-emission sources of energy

**Primary potential financial impact**

Reduced indirect (operating) costs

**Company-specific description**

Our overall strategy to reduce our own Scope 1 and 2 GHG emission includes both improved energy efficiency (using less) as well as increasing renewable energy. Our initial focus has been on purchased electricity and associated Scope 2 emissions. New Balance joined RE100 and has been pursuing various renewable energy options across our global operations with a goal of using 100% renewable electricity by 2025.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

1840000

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

Financial impact values are provided for the Flimby UK solar project. The solar rooftop system reached payback after 6.8 years. From 2020 forward, the project is forecast to generate approximately \$1,000,000 from FIT revenue over the next fourteen years and \$844,000 in energy savings through 2040.

**Cost to realize opportunity**

330000

**Strategy to realize opportunity and explanation of cost calculation**

We currently operate a rooftop solar PV system at our Flimby UK manufacturing facility, which was installed in three phases. Total cost of the system was \$330,000, listed above as the cost to realize this opportunity so far. The PV system reached payback and is now providing free reliable energy to the organization at a time when grid electricity priced are increasing in the UK. Our strategy overall is to procure renewable energy as a portfolio with a mix of on-site projects where feasible, offsite agreements, and energy attribute certificates where needed. We work with a third-party energy consulting firm to evaluate on-site renewable energy opportunities at our largest facilities, but none have proven to be feasible yet. We increased our purchase of RECs to cover 100% of our U.S. load, and we started to evaluate a unique off-site solar opportunity in Maine (where we operate three footwear factories that represent some of our largest energy-consuming facilities) that would allow New Balance to join a consortium of companies and institutions under a new Net Energy Billing Credit system

**Comment**

---

**Identifier**

Opp2

**Where in the value chain does the opportunity occur?**

---

Upstream

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Use of more efficient production and distribution processes

**Primary potential financial impact**

Reduced indirect (operating) costs

**Company-specific description**

New Balance works closely with our Tier 1 and Tier 2 suppliers to improve resource efficiency in production processes, particularly energy and water. Our annual supplier assessments and environmental data collection process have highlighted the opportunity for greater energy efficiency within Tier 1 footwear factories, which is a key part of our Scope 3 emissions. We have an extensive supply chain energy program that has reduced energy consumption per pair, meaning footwear production has become more efficient in how it uses energy to create a pair of shoes. In 2020, Tier 1 footwear suppliers completed 34 priority Energy Conversion Measures and installed 2 rooftop solar projects with the potential for estimated greenhouse gas savings around 6,000 MTCO<sub>2e</sub> annually. Beyond Tier 1, Tier 2 presents significant efficiency opportunities for both energy as well as water. In 2020, suppliers remained engaged in Clean by Design, IFC's Vietnam Improvement Program, and we began a new relationship with GIZ.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

34 ECMs and rooftop solar installations described above had a cost of \$1.6m and an estimated savings of \$521,540. Those are supplier costs and savings are realized by the supplier, not New Balance. Over time, this will theoretically yield savings to New Balance as supplier overhead costs are built into product costing, but we do not yet calculate a savings for New Balance from these specific energy projects.

**Cost to realize opportunity**

20000

**Strategy to realize opportunity and explanation of cost calculation**

34 ECMs and rooftop solar installations described above had a cost of \$1.6 million, paid by the suppliers. New Balance costs associated with this program are part of our ongoing Responsible Leadership budget to participate in programs like Clean by Design and IFC's VIP program, which sometimes have a shared cost between supplier and New Balance. In 2020, our cost to support those programs was approximately \$20,000, slightly lower than normal as some programs were paused during COVID closures and site visits by third party experts were not possible.

**Comment**

---

**Identifier**

Opp3

**Where in the value chain does the opportunity occur?**

Downstream

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Shift in consumer preferences

**Primary potential financial impact**

Increased revenues resulting from increased demand for products and services

**Company-specific description**

New Balance's product sustainability strategy includes specific efforts around low-climate impact materials, product circularity, and consumer dialogue. Sustainability and climate change are among the top concerns of our younger consumers who are aligning their purchasing behavior to fit those values. 43% of global independents cite sustainable fashion as a top-5 interest within fashion or culture (2nd highest to streetwear); environmental causes (32%) and climate change (29%) are the 2nd and 3rd highest issues cited by global independents as movements or ideas they get excited about. Sustainability and climate change are top of mind for New Balance customers. According to Lyst, searches for sustainable sneakers are up 142% over 2019. Sustainable activewear, up 151% year over year, is another trend of relevance to New Balance. They crave information about products and the materials in their products that help them make informed product choices. Direct correlation is difficult to show, but evidence suggests that customers are willing to spend more on sustainable materials and some aspects of this are becoming basic expectations. Zalando, for example, has indicated that brands that don't meet its sustainability transparency standards starting from 2023 will not be featured on its platform. Amazon is now highlighting products with its new "Climate Friendly Badge." And many competitors have pushed forward with sustainable product initiatives that create expectations for other brands to follow suit. In 2020, New Balance launched a new green leaf icon to indicate products that are made with a majority of preferred materials. The green leaf icon is meant to serve as a way to communicate to consumers about our preferred materials efforts, which are part of our overall sustainability and climate strategy. Consumers want an easy way to find products that are more sustainable, and the green leaf icon makes it easy for them to quickly scan and find sustainable products on our site and in our stores.

**Time horizon**

Short-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

We anticipate that additional revenue would be created by more apparel items being sold at full-price with green leaf (less discounting) and by higher conversion rates on green leaf items than non-green leaf items. An exact figure has not been calculated.

**Cost to realize opportunity**

0

**Strategy to realize opportunity and explanation of cost calculation**

Costs associated with the green leaf program as considered to be part of other existing costs structures, such as product material costs and marketing. There are some costs to promote the icon initially, though we anticipate organic impressions around Earth Day and references to our other sustainable initiatives. There are no additional workforce costs; we rely on existing marketing, site experience, sales, and retail staff to promote and execute the digital and in-store experiences.

**Comment**

---

**Identifier**

Opp4

**Where in the value chain does the opportunity occur?**

Upstream

**Opportunity type**

Resilience

**Primary climate-related opportunity driver**

Other, please specify (Human rights / Women's Empowerment)

**Primary potential financial impact**

Reduced indirect (operating) costs

**Company-specific description**

New Balance takes a holistic look at climate change resilience. Much of our human rights work—which stands alone in its own right—is an important part of building resilience to climate change within the communities that surround our supply chain. Educated and empowered workers are better able to cope with potential climate disruptions and can bring useful resources to their family and community, whether it is through their own career advancement opportunities or access to more general financial tools or healthcare knowledge. By 2025, our goal is for 100% of women workers in our footwear factories to participate in training and education programs for personal and career development. In 2020, we continued to implement and plan our programming around two key topics: (a) elevating worker voices and (b) empowering women workers through personal and career advancement. One example is New Balance's involvement in expanding Gap Inc.'s Personal Advancement & Career Enhancement (P.A.C.E.) program into our footwear supply chain. We partnered with Gap Inc. to launch the P.A.C.E. program at two NB footwear suppliers in Vietnam employing more than 12,000 women. Through P.A.C.E., women learn effective communication, problem-solving & decision making, time and stress management, financial literacy, water sanitation & hygiene, and more. We're proud to celebrate that the first P.A.C.E. class of women graduated recently. In addition to training women that are directly working in our supply chain, New Balance has also committed to grant a donation to China Women's University in Beijing, China, to support the P.A.C.E. Academia Program that provides elective courses for an additional 720 women students to support their advancement and help them play a positive role in the workplace, society, and country.

**Time horizon**

Long-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

0

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

New Balance does not envision any direct financial benefit from this opportunity. The primary benefits will be realized by the workers via career advancement and development of new skills, knowledge, and adaptability. New Balance may indirectly benefit from a better workforce and more productive supply chain partners.

**Cost to realize opportunity**

30000

**Strategy to realize opportunity and explanation of cost calculation**

\$30,000 represents a donation to China Women’s University. Implementation of the P.A.C.E. program is listed as \$0, conducted by Gap Inc.’s P.A.C.E. project team in 2020 and supported by NB’s existing global compliance team in Vietnam as part of their normal ongoing annual workplan.

**Comment**

**C3. Business Strategy**

**C3.1**

**(C3.1) Have climate-related risks and opportunities influenced your organization’s strategy and/or financial planning?**

Yes, and we have developed a low-carbon transition plan

**C3.1a**

**(C3.1a) Is your organization’s low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?**

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	No, we do not hold AGMs	New Balance is privately owned and does not hold AGMs. Our transition plan and climate strategy are described on our website and will be continuously updated to show progress and to reflect any changes in our goals or strategies.

**C3.2**

**(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?**

No, but we anticipate using qualitative and/or quantitative analysis in the next two years

**C3.2b**

**(C3.2b) Why does your organization not use climate-related scenario analysis to inform its strategy?**

While New Balance has already set ambitious targets as a member of RE100 and as a signatory to the UN Fashion Charter, we anticipate using more formal climate scenario analysis as part of our science based target setting in the next one or two years. Scenario analysis results will provide a better understanding of the financial impacts of climate risks and opportunities under different climate scenarios, which will further influence our goals and low-carbon strategy already in place. Including quantitative scenario analysis within our goal setting process is critical as the results can provide context for emission reduction targets and the investments needed to achieve them. Prior to joining RE100 and the UN Fashion Charter, we worked with Environmental Defense Fund to evaluate various target setting approaches (absolute contraction and SDA) and underlying emissions scenarios to make sure our goals were meaningful and aligned with 2-degree reduction pathways at that time. The 30% reduction goals across Scope 1, 2, and 3 under the UN Charter were also designed by the Charter group to be aligned with a 2-degree pathway when the Charter was formed. Discussions are underway between the Charter and SBTi to update these collective goals, and New Balance plans to begin our own science based target setting next year, which will be aligned with the 1.5 degree pathway. The timeframes chosen (2025 for RE100, and 2030 for the Charter) align with our long-term strategy definition and allows a longer timeframe for achieving reductions in Scope 3, but is within a timeframe where today’s strategy is still relevant. Scope 1 and 2 strategy, of course, is centered on continued energy efficiency efforts and increased procurement of renewable electricity via a portfolio of on-site and off-site solutions. Our Scope 3 emissions are driven mostly by the materials we use to make product and our contract manufacturing. In 2020, we expanded our energy reduction program to cover more suppliers and to engage more directly on renewable energy development and policy, particularly in Vietnam, our largest sourcing country. As described in other sections, New Balance has been actively engaged in energy efficiency programs for its suppliers since 2013, including internal supplier capacity building programs and external partnerships with EDF Climate Corps, Carbon Performance Improvement Initiative (CPI2), IFC/World Bank Vietnam Improvement Program (VIP), NRDC and Aii’s Clean by Design mill improvement program, and various initiatives with GIZ. To reduce our raw material impacts in the near- to mid-term, we created goals to transition our three highest volume materials--polyester, leather, and cotton--to preferred options by 2025. Preferred options include attributes with lower climate impact, such as recycled polyester, leather from Gold-rated Leather Working Group (LWG) tanneries, and cotton sourced as Better Cotton Initiative (BCI) cotton; and New Balance is an active participant in various industry groups that are evaluating material impacts and creating an industry pathway to low-carbon materials, like the Raw Materials Working Group of the UN Charter and Textile Exchange.

**C3.3**



**(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.**

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	The materials we use to make product is the largest source of Scope 3 emissions. We have set goals for our top materials to reach 100% preferred cotton by 2023, 100% preferred leather by 2025, and 50% recycled polyester by 2025. Recycled polyester, for example, has a lower carbon footprint than virgin polyester. We also use feedback and requests from our key customer accounts, consumers, and other stakeholders to understand changes in market demand and market concerns related to climate change and sustainability in general. 1 in 3 of our target consumer audience also lists climate change as their top environmental concern, and we have seen increased consumer interest in sustainable products and general consumer awareness of environmental issues related to footwear and apparel. One example of addressing this shifting consumer behavior in 2020 is that New Balance increased our use of preferred materials and launched a new green leaf icon to indicate products that are made with a majority of preferred materials. The green leaf icon communicates to consumers about our preferred materials efforts, which are part of our overall sustainability and climate strategy. Consumers want an easy way to find products that are more sustainable, and the green leaf icon makes it easy for them to quickly scan and find sustainable products on our site and in our stores. New Balance also joined the Better Cotton Initiative (BCI) in 2020 as a way to increase sourcing of preferred cotton.
Supply chain and/or value chain	Yes	Many of our environmental impacts are tied to our value chain and occur during the production and transportation of our products. Our supply chain energy program focusses on resource efficiency, increasing renewable energy installations, eliminating coal from the supply chain, and policy advocacy to improve access to renewables. New Balance works closely with our Tier 1 and Tier 2 suppliers to improve resource efficiency in production processes, particularly energy and water. Tier 1 footwear factories are a key part of our Scope 3 emissions. We have an extensive supply chain energy program that has reduced energy consumption per pair, meaning footwear production has become more efficient in how it uses energy to create a pair of shoes. In 2020, Tier 1 footwear suppliers completed 34 priority Energy Conversion Measures with an annual CO2 savings estimated at 6,000 MTCO2 and two rooftop solar projects were completed with the potential for estimated greenhouse gas savings around 2,500 MtCO2e annually. Beyond Tier 1, Tier 2 presents significant efficiency opportunities for both energy as well as water. In 2020, suppliers remained engaged in Clean by Design, IFC's Vietnam Improvement Program, and we began a new relationship with GIZ.
Investment in R&D	Yes	New Balance's product sustainability strategy includes specific efforts around low-climate impact materials and product circularity. Research and Development efforts at New Balance in 2020 were heavily influenced by our Responsible Leadership Goals with particular focus on zero-waste-to-landfill and decarbonizing materials as part of our Scope 3 emissions reduction strategy. Emphasis was placed on developing lower-impact materials with recycled content and bio-based content, both from outside sources and from utilizing waste materials from within our factory walls. For example, our Innovation team developed and validated new sole formulations based on recycled rubber and "bioEVA" from sugar cane. We evaluated and implemented strategies to decrease our company carbon footprint through utilization of low carbon materials in many of our primary components and will continue to expand this strategy in the years to come.
Operations	Yes	The biggest environmental impact within our direct business operations relates to energy use and greenhouse gas (GHG) emissions, transportation, and solid waste. (a) Energy use and emissions: Although Scope 1 and 2 emissions are small compared to the emissions of our materials and Tier 1 manufacturing base, we believe that we have a responsibility to operate our own facilities with efficient use of resources and to minimize environmental impacts. As a factory owner and operator, New Balance can also lead by example and demonstrate to our supply chain that it is possible to shift footwear production to low carbon sources. Low-emissions energy sources as we change energy procurement practices to meet our 2025 RE100 goals. Each year, our Facilities team evaluate potential energy savings projects and renewable energy opportunities with the help of our third party energy services firm. (b) New Balance has set a target for zero waste to landfill from our Tier 1 footwear factories by 2025. This is leading to new waste reduction efforts to eliminate waste creation and new recycling opportunities. Because waste can result from product design choices, we conducted waste studies on two of our top performance running shoes in 2020 to measure the waste created during production, identifying opportunities for reduced material consumption and lower-waste production processes. These studies revealed which components of the shoe were most wasteful and informed the design team's "No Piece Left Behind" program that is aimed at eliminating waste from footwear production (c) We are also beginning to change product and transport packaging to more sustainable options. One example is our Teams business, which often sends product samples back-and-forth between team accounts for sizing trials prior to ordering. To reduce packaging waste, New Balance worked with Returnity ( <a href="https://www.returnity.co/">https://www.returnity.co/</a> ) to create a custom re-usable packaging for shipping fit samples, which are returned to NB after two weeks and then re-sent to the next account. Returnity created two options for NB, a soft bag for apparel and a more structure box for footwear.

**C3.4**

**(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital expenditures Capital allocation	New Balance's financial planning process occurs annually, and climate-related risks and opportunities have shaped New Balance's strategy and influenced related financial planning and allocation of funding. As a top footwear and apparel brand and as part of the global community, we have a responsibility to understand, mitigate and adapt to the effects of climate change. We are continuously learning about how climate change will impact our business, how our business impacts climate change, and how we can responsibly contribute to global climate goals. New Balance is moving toward a low carbon future, focussing on four urgent actions: (1) Renewable Energy: Increasing energy efficiency and promoting renewable energy within our operations and across our supply chain; (2) Materials: Prioritizing materials with lower climate impact; (3) Longevity and Circularity: Exploring and supporting more circular business models like repair and post-consumer recycling; and (4) Advocacy: Engaging in climate advocacy and establishing a closer dialogue with our consumers. Two major climate commitments provide the foundation for our climate goals: RE100 and the United Nations (UN) Fashion Industry Charter for Climate Action. As a member of RE100 and a signatory to the UN Fashion Industry Charter for Climate Action, we are addressing some of the biggest environmental impacts at our own facilities and throughout our global supply chain. Under RE100, New Balance has committed to sourcing 100% of its electricity from renewable sources by 2025 across all global New Balance operations, and our broader goals under the UN Charter necessitate similar increase in renewable energy consumption across our supply chain. At the same time, energy efficiency efforts lower the overall demand and energy costs. // Operating Costs: As disclosed in C2.4 Opp1, New Balance identified the opportunity of using lower emission sources of energy and implementing energy efficiency initiatives. Increasing energy efficiency and shifting to renewable energy could impact financial planning in the short-term by lowering indirect (operating) costs and a medium financial impact. This opportunity resulted in allocation of funds to implement energy conservation measures, purchase renewable electricity, hire consultants to explore options, and engage with supply chain implementation partners for our suppliers. In 2020, New Balance increased our purchase of Renewable Energy Certificates so that 100% of our U.S. electric load was covered. (In combination with our Flimby solar generation and clean energy contract, all of the electricity used in our owned footwear manufacturing sites was sourced as renewable, allowing for future consumer-facing claims on those products, which could in turn generate positive reputation and increased sales for "Made in US" and "Made in UK" product.) The magnitude of impact is Medium. Time horizon: Short. // Capital expenditures: New Balance's capital expenditure and allocation are influenced by climate-related risks and opportunities. As an example, the company's financial plans include allocating capital to implement various energy conservation projects at our offices and owned footwear factories, such as HVAC upgrades, installation of Energy Management Systems, boiler upgrades, compressed air repairs, and lighting upgrades. In collaboration with our Facilities team and external energy consultant, we conduct financial analysis on each energy or emissions reduction initiatives for our global facilities. Finance has established guidelines for desirable payback criteria that should be met in order for funds to be allocated. These investments help the company progress towards its long-term energy and emissions goals while reducing the company's long-term operating costs of energy. Case Study: New Balance's owned and operated Flimby factory has been investing in renewable energy and energy efficiency for many years, beginning with their first solar array in 2013. Today, rooftop solar provides about 30% of the factory's electricity needs, saving approximately £30,000 per year. The factory created an Energy Management Team (EnMT) in response to the UK government's Energy Savings Opportunity Scheme (ESOS) and achieved ISO50001 accreditation in October 2019 for the factory, Warrington Head Office and UK Retail. This was followed by migration to ISO 50001 – 2018 and a successful surveillance audit in 2020, during the pandemic. Under this certification, Flimby has a structured Energy Management System with policies, processes, procedures and action plans to continuously invest in energy saving opportunities and improve energy management. Evaluation of Significant Energy Uses (SEU) within the factory helped identify opportunities for improvement, including: (a) Ensuring electricity contracts are from renewable energy sources; (b) Encouraging behavioral changes, like switching machines off at breaktimes where possible and switching screens off at night; (c) PIRs have been installed in corridors, offices, meeting rooms during 2020 and we continued to replace lights with energy efficient LED lighting (75% completed in 2020); and (d) Changes to procurement process to evaluate the energy performance of new equipment before purchase. The magnitude of impact is Low to Medium. Time horizon: Short. // Revenues: As we work to meet the needs and shifting preferences of our customers around the world, we have an opportunity to develop products with more sustainable attributes that will improve our competitive position and contribute to our role as an industry leader, driving revenues. As disclosed in C2.3 Risk4 and C2.4 Opp3, New Balance launched a new green leaf icon in 2020 to highlight apparel that is made with at least 50% preferred materials. At launch, approximately 20% of apparel skus qualified for the green leaf icon, and there are plans in place to significantly increase each season over the next two years. The green leaf icon will become available on footwear starting in 2022. Given the interest among consumers and importance of sustainability and climate change to our target consumer, the magnitude of impact for revenues is Medium. Time horizon: Short.



### C3.4a

---

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

## C4. Targets and performance

---

### C4.1

---

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

### C4.1a

---

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

**Target reference number**

Abs 1

**Year target was set**

2019

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (location-based) +3 (upstream & downstream)

**Base year**

2017

**Covered emissions in base year (metric tons CO2e)**

1007050

**Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)**

100

**Target year**

2030

**Targeted reduction from base year (%)**

30

**Covered emissions in target year (metric tons CO2e) [auto-calculated]**

704935

**Covered emissions in reporting year (metric tons CO2e)**

817708

**% of target achieved [auto-calculated]**

62.6721612630952

**Target status in reporting year**

Underway

**Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

**Target ambition**

<Not Applicable>

**Please explain (including target coverage)**

We have committed through the Fashion Industry Charter for Climate Action to achieve 30% aggregate GHG emission reductions in Scope 1, 2, and 3 of the Greenhouse Gas Protocol Corporate Standard by 2030, against a baseline of 2017. We do not update our calculation of every Scope 3 category each year. In 2017, Scope 3 accounted for 97% of our total GHG, primarily driven by Category 1 purchased goods and services. In 2020, we updated Category 1. Note that some other categories of Scope 3 were heavily impacted by COVID closures and restrictions, e.g. employee commuting and business travel, and would be even lower than is shown here.

### C4.2

---

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

Net-zero target(s)

### C4.2a

---

---

**(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.**

**Target reference number**

Low 1

**Year target was set**

2019

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

**Target type: energy carrier**

Electricity

**Target type: activity**

Consumption

**Target type: energy source**

Renewable energy source(s) only

**Metric (target numerator if reporting an intensity target)**

MWh

**Target denominator (intensity targets only)**

<Not Applicable>

**Base year**

2017

**Figure or percentage in base year**

20

**Target year**

2025

**Figure or percentage in target year**

100

**Figure or percentage in reporting year**

60

**% of target achieved [auto-calculated]**

50

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

Yes, to the extent that actions taken to achieve RE100 will reduce Scope 2 emissions across our operations.

**Is this target part of an overarching initiative?**

RE100

**Please explain (including target coverage)**

New Balance joined RE100 in 2019 and committed to sourcing 100% renewable electricity across our global operations by 2025. In 2020, we achieved 60% renewable electricity through a combination of on-site solar PV generation, green power purchasing in UK and EMEA, and REC procurement in the U.S. Our interim goal is to reach 75% by the end of 2021, which will cover roughly all of our U.S. and EMEA consumption.

---

**C4.2c**

**(C4.2c) Provide details of your net-zero target(s).**

**Target reference number**

NZ1

**Target coverage**

Company-wide

**Absolute/intensity emission target(s) linked to this net-zero target**

Abs1

**Target year for achieving net zero**

2050

**Is this a science-based target?**

No, but we anticipate setting one in the next 2 years

**Please explain (including target coverage)**

New Balance is a signatory of the UN Fashion Charter and a member of the Outdoor Industry Association Climate Action Corps. Both organizations and its members have expressed goals to reach net zero by 2050. In the case of OIA, goals go beyond net zero with an aspiration to become "climate positive," defined as reducing carbon footprint according to science-based targets, remove their remaining carbon emissions from the atmosphere (ideally, through nature-based projects), and advocate for robust climate policy.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	1	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	35	8294
Not to be implemented	1	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Low-carbon energy consumption	Other, please specify (Increased REC procurement in 2020 to make progress toward RE100 goals and lower market-based Scope 2 emissions)
-------------------------------	--

Estimated annual CO2e savings (metric tonnes CO2e)

2347

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

6000

Payback period

No payback

Estimated lifetime of the initiative

1-2 years

Comment

Per CDP guidance on C4.3, if you are reporting a market-based Scope 2 figure, you can reflect any renewable energy purchasing policies as a component of emissions reduction activities. Emissions reduction activities can only be achieved as “additional purchases” to what was already done in prior years. Therefore, emissions reduction activities are established by comparing what was done in the previous year. In 2020, New Balance increased REC purchases by approximately 6,000 RECs, the primary difference being coverage for U.S. retail load that was not covered in 2019. There is not cost savings reflected here as RECs are an annual cost; there are no financial savings from this approach to Scope 2 reduction.

Initiative category & Initiative type

Company policy or behavioral change	Change in procurement practices
-------------------------------------	---------------------------------

Estimated annual CO2e savings (metric tonnes CO2e)

490

Scope(s)

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

40150

Investment required (unit currency – as specified in C0.4)

6000

Payback period

<1 year

**Estimated lifetime of the initiative**

6-10 years

**Comment**

**Initiative category & Initiative type**

Energy efficiency in buildings	Other, please specify (Multiple types combined at program level, includes Insulation, Lighting, Maintenance, and HVAC)
--------------------------------	--

**Estimated annual CO2e savings (metric tonnes CO2e)**

708

**Scope(s)**

Scope 3

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

53497

**Investment required (unit currency – as specified in C0.4)**

68737

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

**Initiative category & Initiative type**

Energy efficiency in production processes	Other, please specify (Program level reporting, combination of various project types across compressed air, automation, controls, etc.)
---	---

**Estimated annual CO2e savings (metric tonnes CO2e)**

2271

**Scope(s)**

Scope 3

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

199900

**Investment required (unit currency – as specified in C0.4)**

1226092

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

**Initiative category & Initiative type**

Low-carbon energy generation	Solar PV
------------------------------	----------

**Estimated annual CO2e savings (metric tonnes CO2e)**

2478

**Scope(s)**

Scope 3

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

330000

**Investment required (unit currency – as specified in C0.4)**

227991

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

---

### C4.3c

---

#### (C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	Facilities budget includes annual funding for energy efficiency, and our Responsible Leadership budget includes budget for supporting supply chain energy programs like Ai Clean by Design and other similar programs.
Dedicated budget for other emissions reduction activities	Budget is planned each year for purchasing energy attribute certificates (RECs and GOs) and consulting services related to renewable energy assessments, regulatory tracking, contract bidding support, and strategy review.

---

### C4.5

---

#### (C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

No

---

### C5. Emissions methodology

---

#### C5.1

---

##### (C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

###### Scope 1

**Base year start**

January 1 2017

**Base year end**

December 31 2017

**Base year emissions (metric tons CO2e)**

3360

**Comment**

CES

###### Scope 2 (location-based)

**Base year start**

January 1 2017

**Base year end**

December 31 2017

**Base year emissions (metric tons CO2e)**

16320

**Comment**

CES

###### Scope 2 (market-based)

**Base year start****Base year end****Base year emissions (metric tons CO2e)****Comment**

Not able to pursue market-based calculation when baseline was first calculated; we will be re-calculating.

---

#### C5.2

---

##### (C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

China Corporate Energy Conservation and GHG Management Programme

IEA CO2 Emissions from Fuel Combustion

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

The Greenhouse Gas Protocol: Scope 2 Guidance

US EPA Center for Corporate Climate Leadership: Indirect Emissions From Purchased Electricity

## C6. Emissions data

---

### C6.1

---

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

**Reporting year**

**Gross global Scope 1 emissions (metric tons CO2e)**  
3377

**Start date**  
January 1 2020

**End date**  
December 31 2020

**Comment**

**Past year 1**

**Gross global Scope 1 emissions (metric tons CO2e)**  
3874

**Start date**  
January 1 2019

**End date**  
December 31 2019

**Comment**

### C6.2

---

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

**Row 1**

**Scope 2, location-based**  
We are reporting a Scope 2, location-based figure

**Scope 2, market-based**  
We are reporting a Scope 2, market-based figure

**Comment**  
Market-based figured are available for 2019 and 2020.

### C6.3

---

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

**Reporting year**

**Scope 2, location-based**  
14613

**Scope 2, market-based (if applicable)**  
8427

**Start date**  
January 1 2020

**End date**  
December 31 2020

**Comment**

**Past year 1**

**Scope 2, location-based**  
17479

**Scope 2, market-based (if applicable)**  
11593

**Start date**  
January 1 2019

**End date**  
December 31 2019

**Comment**

## C6.4

---

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

No

## C6.5

---

**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.**

### **Purchased goods and services**

**Evaluation status**

Relevant, calculated

**Metric tonnes CO<sub>2</sub>e**

594239

**Emissions calculation methodology**

Average Data Method (Higg MSI kgCO<sub>2</sub>e/kg of material) and Spend-based method (USEEIO kgCO<sub>2</sub>e/\$) were used, both covering cradle-to-grave emissions. Higg MSI was used for leather and textile since weights were available, while USEEIO spend-based method was used for the rest of the categories. Tier 1 footwear factory emissions were calculated directly from known fuel use and electricity consumption data, collected monthly as part of our supply chain energy program.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

**Please explain**

2020 Scope 3, Category 1 is updated. Other categories of Scope 3 are specific to 2017, which is the last year we conducted a full assessment of Scope 3. After Scope 3 screening was completed, Category 1 was identified as the largest source of emissions to address. It is important for companies to identify which Scope 3 activities have the most significant GHG emissions because they offer the most significant GHG reduction opportunities and are the most relevant to the company's business goal.

### **Capital goods**

**Evaluation status**

Not relevant, calculated

**Metric tonnes CO<sub>2</sub>e**

47650

**Emissions calculation methodology**

Estimation conducted using the Quantis Evaluator tool for Scope 3 screening. Not identified as a hotspot; no further analysis done.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

Data is specific to 2017, the last year we conducted a full Scope 3 assessment. Based on that assessment, we identified the highest impact Categories, and our focus has been on Category 1 as the prime driver of our Scope 3 emissions.

### **Fuel-and-energy-related activities (not included in Scope 1 or 2)**

**Evaluation status**

Not relevant, calculated

**Metric tonnes CO<sub>2</sub>e**

4514

**Emissions calculation methodology**

Estimation conducted using the Quantis Evaluator tool for Scope 3 screening. Not identified as a hotspot; no further analysis done.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Please explain**

Data is specific to 2017, the last year we conducted a full Scope 3 assessment. Based on that assessment, we identified the highest impact Categories, and our focus has been on Category 1 as the prime driver of our Scope 3 emissions.

### **Upstream transportation and distribution**

**Evaluation status**

Relevant, calculated

**Metric tonnes CO<sub>2</sub>e**

129998

**Emissions calculation methodology**

Spend-based method (USEEIO) because available data was gathered from supplier invoices (not fuel-based or distance-based). We determined the amount of spend per mode of transportation, multiplied by the USEEIO life cycle impact emission factors.

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

100

**Please explain**

Data is specific to 2017, the last year we conducted a full Scope 3 assessment. Based on that assessment, we identified the highest impact Categories, and our focus has been on Category 1 as the prime driver of our Scope 3 emissions. This category would be lower in 2020 due to COVID impacts on overall business and lower output being transported.

## Waste generated in operations

### Evaluation status

Not relevant, calculated

### Metric tonnes CO2e

1179

### Emissions calculation methodology

Estimation conducted using the Quantis Evaluator tool for Scope 3 screening. Based on annual amount spent on facility waste management (basic price). Not identified as a hotspot; no further analysis done.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

Data is specific to 2017, the last year we conducted a full Scope 3 assessment. Based on that assessment, we identified the highest impact Categories, and our focus has been on Category 1 as the prime driver of our Scope 3 emissions.

## Business travel

### Evaluation status

Not relevant, calculated

### Metric tonnes CO2e

15429

### Emissions calculation methodology

Estimation conducted using the Quantis Evaluator tool for Scope 3 screening. Not identified as a hotspot; no further analysis done.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

Data is specific to 2017, the last year we conducted a full Scope 3 assessment. Based on that assessment, we identified the highest impact Categories, and our focus has been on Category 1 as the prime driver of our Scope 3 emissions. There was almost no business travel in 2020 due to COVID restrictions.

## Employee commuting

### Evaluation status

Not relevant, calculated

### Metric tonnes CO2e

12750

### Emissions calculation methodology

Estimation conducted using the Quantis Evaluator tool for Scope 3 screening. Not identified as a hotspot; no further analysis done. Based on number of global employees and assumed U.S. average of 1,700 kgCO2e/year as worst case.

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

Data is specific to 2017, the last year we conducted a full Scope 3 assessment. Based on that assessment, we identified the highest impact Categories, and our focus has been on Category 1 as the prime driver of our Scope 3 emissions. Employee commuting was minimal in 2020 due to COVID restrictions, furloughs, and shutdowns.

## Upstream leased assets

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

Not a relevant category

## Downstream transportation and distribution

### Evaluation status

Relevant, not yet calculated

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

This includes third-party transportation and distribution including outbound logistics from warehouse to retailer or to end customer. Partial information is available from our transport carriers, but we have not yet calculated or estimated a total figure.



## Processing of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

Not relevant for New Balance sold product (apparel and footwear).

## Use of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

Not relevant for New Balance. In our industry, this category tends to be driven by apparel care. Apparel remains a relatively small portion of overall NB business, and footwear has limited impacts during use phase as they are seldom washed.

## End of life treatment of sold products

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

145

### Emissions calculation methodology

Conservative estimation method assumed every purchased material are sold and will end up landfill. Based on total weight of product material categories (27,388,626 kg).

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

Data is specific to 2017, the last year we conducted a full Scope 3 assessment. Based on that assessment, we identified the highest impact Categories, and our focus has been on Category 1 as the prime driver of our Scope 3 emissions.

## Downstream leased assets

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

Not relevant for New Balance

## Franchises

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO<sub>2</sub>e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

Not relevant for New Balance

**Investments**

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain**

Not relevant for New Balance

**Other (upstream)**

**Evaluation status**

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain**

**Other (downstream)**

**Evaluation status**

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain**

**C6.7**

---

**(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?**

No

**C6.10**

---

**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

**Intensity figure**

3576.9

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

11804

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

3.3

**Scope 2 figure used**

Market-based

**% change from previous year**

7.5

**Direction of change**

Decreased

**Reason for change**

(a) Emissions were lower in numerator as a result of Scope 1 and Scope 2 reduction efforts and lower electricity use due to COVID-related store closures during 2020; (b) decreased 2020 revenue in denominator due to COVID impacts in 2020. Note: Denominator is entered as \$billion

---

## C7. Emissions breakdowns

---

### C7.1

---

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

### C7.1a

---

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	3148.6	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	1.35	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	2.94	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	80.57	IPCC Fifth Assessment Report (AR5 – 100 year)
Other, please specify (HCFCs)	143.68	IPCC Fifth Assessment Report (AR5 – 100 year)

### C7.2

---

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	3377

### C7.3

---

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

### C7.3c

---

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Manufacturing (owned)	1507.47
Warehouse/DC	507.41
Office	711.53
Retail	179.04
Transportation	471.7

### C7.5

---

**(C7.5) Break down your total gross global Scope 2 emissions by country/region.**

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
United States of America	6030.74	0	23724	23724
Taiwan, Greater China	1723.03	1723.04	2816	0
Australia	1364.73	1364.73	1516	0
Poland	1223.45	1223.45	1547	0
China	903.98	903.98	1629	0
Japan	865.29	865.29	1710.06	0
Italy	619.38	600.16	1830	57
United Kingdom of Great Britain and Northern Ireland	339.09	202.72	1339	539
South Africa	319.67	319.67	333	0
China, Hong Kong Special Administrative Region	274.28	274.28	338.61	0
France	255.18	255.18	655	0
Spain	246.85	246.85	1121	0
Germany	129.03	129.03	341	0
Singapore	86.96	86.96	208	0
Ireland	64.76	64.76	186.06	0
Netherlands	58.86	58.86	130	0
New Zealand	33.03	33.03	314	0
Indonesia	26.7	26.7	35	0
Belgium	18.57	18.57	121	0
Austria	15.8	15.8	119	0
Portugal	7.12	7.12	28	0
Canada	6.74	6.74	280	0

**C7.6**

**(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By activity

**C7.6c**

**(C7.6c) Break down your total gross global Scope 2 emissions by business activity.**

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Manufacturing (owned)	1083.25	0
Warehouse/DC	1474.86	0
Office	2390.85	513.05
Retail	9664.28	7913.86

**C7.9**

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

**C7.9a**

**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	1095	Decreased	7	Global Scope 1 and 2 emissions were 15,467 in 2019 and 11,804 in 2020, a reduction of 3,663 MTCO2e, or 23.7%. New Balance increased our purchase of RECs from 2019 to 2020 to cover all U.S. retail, none of which had been covered in 2019. Market-based retail emissions were 2,347 MT lower in 2020, but some of that is due to global COVID closures. We attribute 1,095 MT reduction to the increase REC procurement for US retail, which is 7%. (1,095/15,467)
Other emissions reduction activities		<Not Applicable >		
Divestment		<Not Applicable >		
Acquisitions		<Not Applicable >		
Mergers		<Not Applicable >		
Change in output	2568	Decreased	17	Global Scope 1 and 2 emissions were 15,467 in 2019 and 11,804 in 2020, a reduction of 3,663 MTCO2e, or 23.7%. Widespread COVID restrictions and closures dramatically impacted Scope 1 and 2 emissions in 2020 as facilities were closed or partially closed for at least part of the year. We attribute 2,568 MT to COVID closures, which is 17%. (2,568/15,467) (This is also consistent with a 17% drop in revenue from 2019 to 2020 as a general indicator of business activity and level of closures.)
Change in methodology		<Not Applicable >		
Change in boundary		<Not Applicable >		
Change in physical operating conditions		<Not Applicable >		
Unidentified		<Not Applicable >		
Other		<Not Applicable >		

**C7.9b**

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Market-based

**C8. Energy**

**C8.1**

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 5% but less than or equal to 10%

**C8.2**

**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

**C8.2a**

**(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	Unable to confirm heating value	0	15502.17	15502.17
Consumption of purchased or acquired electricity	<Not Applicable>	24319.38	15999.62	40319
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	100.96	<Not Applicable>	100.96
Total energy consumption	<Not Applicable>	24420.34	31501.79	55922.13

**C8.2b**

**(C8.2b) Select the applications of your organization's consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

**C8.2c**

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

**Fuels (excluding feedstocks)**

Natural Gas

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

10348.24

**MWh fuel consumed for self-generation of electricity**

<Not Applicable>

**MWh fuel consumed for self-generation of heat**

<Not Applicable>

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Emission factor**

117.1

**Unit**

lb CO2e per million Btu

**Emissions factor source**

EPA Emission Factors for Greenhouse Gas Inventories

**Comment**

**Fuels (excluding feedstocks)**

Fuel Oil Number 2

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

2624.77

**MWh fuel consumed for self-generation of electricity**

<Not Applicable>

**MWh fuel consumed for self-generation of heat**

<Not Applicable>

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Emission factor**

163.49

**Unit**

lb CO2e per million Btu

**Emissions factor source**

EPA Emission Factors for Greenhouse Gas Inventories

**Comment**

---

**Fuels (excluding feedstocks)**

Propane Gas

**Heating value**

Please select

**Total fuel MWh consumed by the organization**

665.4

**MWh fuel consumed for self-generation of electricity**

<Not Applicable>

**MWh fuel consumed for self-generation of heat**

<Not Applicable>

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Emission factor**

137.57

**Unit**

lb CO2e per million Btu

**Emissions factor source**

EPA Emission Factors for Greenhouse Gas Inventories

**Comment**

---

**Fuels (excluding feedstocks)**

Diesel

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

1769.5

**MWh fuel consumed for self-generation of electricity**

<Not Applicable>

**MWh fuel consumed for self-generation of heat**

<Not Applicable>

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Emission factor**

22.57

**Unit**

lb CO2e per gallon

**Emissions factor source**

EPA Emission Factors for Greenhouse Gas Inventories

**Comment**

Heavy-duty Diesel; per CDP guidance, fuels used for transportation reported under "...for heat"

---

**Fuels (excluding feedstocks)**

Other, please specify (Light-duty Diesel)

---

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

94.26

**MWh fuel consumed for self-generation of electricity**

<Not Applicable>

**MWh fuel consumed for self-generation of heat**

<Not Applicable>

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self-cogeneration or self-trigeneration**

<Not Applicable>

**Emission factor**

22.53

**Unit**

lb CO2e per gallon

**Emissions factor source**

EPA Emission Factors for Greenhouse Gas Inventories

**Comment**

per CDP guidance, fuels used for transportation reported under "...for heat"

**C8.2d**

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	206.91	100.96	206.91	100.96
Heat				
Steam				
Cooling				

**C8.2e**



**(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.**

**Sourcing method**

Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

**Low-carbon technology type**

Wind

**Country/area of consumption of low-carbon electricity, heat, steam or cooling**

United States of America

**MWh consumed accounted for at a zero emission factor**

23724

**Comment**

Grid renewables consumed as part of "standard product offering" not counted in 2020; RECs were purchased to cover entire U.S. load

**Sourcing method**

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

**Low-carbon technology type**

Solar

**Country/area of consumption of low-carbon electricity, heat, steam or cooling**

United Kingdom of Great Britain and Northern Ireland

**MWh consumed accounted for at a zero emission factor**

538.61

**Comment**

Flimby UK green energy contract for purchased electricity not coming from rooftop solar PV

**Sourcing method**

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

**Low-carbon technology type**

Solar

**Country/area of consumption of low-carbon electricity, heat, steam or cooling**

Italy

**MWh consumed accounted for at a zero emission factor**

56.77

**Comment**

**C9. Additional metrics**

**C9.1**

**(C9.1) Provide any additional climate-related metrics relevant to your business.**

**C10. Verification**

**C10.1**

**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

	Verification/assurance status
Scope 1	No third-party verification or assurance
Scope 2 (location-based or market-based)	No third-party verification or assurance
Scope 3	No third-party verification or assurance

**C10.2**

**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

No, we do not verify any other climate-related information reported in our CDP disclosure

## C11. Carbon pricing

---

### C11.1

---

**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

No, and we do not anticipate being regulated in the next three years

### C11.2

---

**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

No

### C11.3

---

**(C11.3) Does your organization use an internal price on carbon?**

No, but we anticipate doing so in the next two years

## C12. Engagement

---

### C12.1

---

**(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our suppliers  
Yes, our customers

### C12.1a

---

**(C12.1a) Provide details of your climate-related supplier engagement strategy.**

**Type of engagement**

Compliance & onboarding

**Details of engagement**

Climate change is integrated into supplier evaluation processes

**% of suppliers by number**

20

**% total procurement spend (direct and indirect)**

80

**% of supplier-related Scope 3 emissions as reported in C6.5**

25

**Rationale for the coverage of your engagement**

Meeting basic compliance standards of ethical, social, and environmental performance is the foundation condition of doing business with New Balance and is part of our supply chain performance management scorecards system. We seek to do business with suppliers that are going beyond minimum compliance standards outlined in our Code of Conduct and working to implement social and environmental best practices. New Balance has developed a supplier scorecard that integrates compliance performance with traditional measures of sourcing performance such as quality, delivery, cost and spend to market. The scorecard is used to inform future scoring plans and order allocation. We also encourage excellence by awarding annual rewards and recognition for outstanding social and environmental performance based on scorecard results. Since 2017, we have implemented a "beyond compliance" management framework with strategic suppliers – Tier 1 footwear suppliers that account for approximately 80% of New Balance's revenue based in Vietnam, China, and Indonesia. Energy and climate is one of the modules in this beyond compliance framework, and suppliers that demonstrate these leading practices earn additional points in the scorecard. The scorecard rewards suppliers for (a) creating an effective strategy, (b) proactively engaging in projects and (c) demonstrating measurable and sustained improved in defined performance metrics. In addition, New Balance has a separate scorecard for upstream Tier 2 material suppliers, including textile mills and tanneries with wet processing such as dyeing and finishing treatments. Environmental stewardship is one of the metrics to reward Tier 2 suppliers that have participated in monitoring and improvement programs like ZDHC wastewater testing and corrective actions. Our focus on climate and energy management links to our supply chain program by promoting best practice in resources efficiency with reductions targets that align with our goals and help New Balance to mitigate and adapt to the effects of climate change.

**Impact of engagement, including measures of success**

Key measures of success include reduction in MTCO<sub>2</sub>, reduction in energy use per pair produced, points scored in our "beyond compliance" Energy module, and use of renewable energy. In 2017, we developed a new "beyond compliance" program that includes a significant focus on energy and climate, rewarding suppliers on elements of Strategy, Engagement and Performance, intended to promote a growth mindset by providing a system with comprehensive guides, tools, and templates. Suppliers earn additional credit for participating in engagement programs like IFC VIP, GIZ (PDP, SEEG, FABRIC), and Aii CBD. After three years, 93% of our Tier 1 footwear suppliers have met "readiness" criteria to enter the program by consistently performing well on basic compliance audits. (a) Average scores in the Energy module increased by 11% from 2019 to 2020. (b) Total Energy Intensity (/Prod) is 12.2% down compared to the 2017 baseline; (c) Tier 1 footwear MTCO<sub>2</sub> emissions decrease by 24% compared to 2017 baseline, a reduction around 35,000 MTCO<sub>2</sub>. (d) Suppliers identified more than 48 saving opportunities among policy or behavioral change, energy efficiency in buildings, energy efficiency in production processes, and low-carbon energy generation by use of renewable energy. (e) Suppliers continue to show high engagement in

the program with strong commitment and investment by top management that has already led to successful energy projects, effective system, and continuous desire to lead. Suppliers have established Energy/Climate change adoption plans and targets in short term (1 year) and medium term (3-5 year) focus on energy efficiency and renewable energy.

#### Comment

---

##### Type of engagement

Information collection (understanding supplier behavior)

##### Details of engagement

Collect climate change and carbon information at least annually from suppliers

##### % of suppliers by number

56

##### % total procurement spend (direct and indirect)

95

##### % of supplier-related Scope 3 emissions as reported in C6.5

50

##### Rationale for the coverage of your engagement

New Balance has been working with our suppliers to better understand and manage environment impacts through data collection. We are working closely with key Tier 1 and Tier 2 suppliers to collect data, monitor trends, and support the improvement of sustainability performance based on the representative major risks and opportunities in our supply chain across 285 active Tier 1 and Tier 2 suppliers in 2020. In 2020 we encouraged 100% of Tier 1 footwear suppliers to use our Environmental Impact Data (EID) System to report and track monthly environmental data across six categories: (1) Production Data; (2) Energy Use and GHG, (3) Waste; (4) Water Use, (5) Wastewater Discharge; and (6) Chemical use. Tier 1 footwear supplier cover approximately 80% of our business volume and represents approximately 85% of total GHG emissions in our Tier 1 supply chain, or about 15% of Scope 3. In addition, we use annual Higg FEM assessments to collect data from Tier 1 apparel suppliers and Tier 2 material suppliers. We have engaged 107 suppliers with FEM. This yields data collected from approximately 56% of our suppliers' facilities at least annually.

##### Impact of engagement, including measures of success

Measures of success include participation in monthly EID data collection and completion of annual FEM assessment. Based on data collected, New Balance can analyze environment impacts based on specific conditions within our supply chain and find where energy and water are being consumed and where to best implement reduction efforts. We use the primary data collected through the Environmental Impact Data (EID) System and Higg FEM to set reduction targets and work with stakeholder to develop supporting programs that drive suppliers' resource energy efficiency and investments in renewable energy to reduce our Scope 3 GHG emission. Data collected from suppliers is verified by qualified members of New Balance's sustainability team and by 3rd party service provider for Higg FEM data.

#### Comment

---

##### Type of engagement

Engagement & incentivization (changing supplier behavior)

##### Details of engagement

Run an engagement campaign to educate suppliers about climate change

##### % of suppliers by number

20

##### % total procurement spend (direct and indirect)

80

##### % of supplier-related Scope 3 emissions as reported in C6.5

15

##### Rationale for the coverage of your engagement

New Balance's supply chain sustainability programs covers strategic suppliers, both Tier 1 and core Tier 2 mills and tanneries, representing the most significant environmental impacts. Many programs--like our Marathon Energy module, CPI2, ZDHC, IFC, GIZ, CBD--are built on education, planning and capacity building and guide factories to create their own resource efficiency plan that prioritizes conservation measures and action plans to reduce climate impacts. New Balance works with suppliers to identify energy champions, create an energy team, undertake training, and conduct walk-throughs to familiarize factory teams with key operations. Strategic Tier 1 direct value chain and core Tier 2 indirect value chain represents around 20% of our supply chain. The Tier 1 footwear supplier group alone accounts for approximately 80% of business revenue.

##### Impact of engagement, including measures of success

Measures of success include number of suppliers that have participated in an energy/climate training or capacity building program. We are working closely with our suppliers to assess environmental impact data and facilitate discussions with suppliers to deeply understand their significant energy uses (SEUs) within their operations. New Balance integrates energy and climate as regular topics at our quarterly supplier workshops in China, Vietnam, and Indonesia. Suppliers have also participated in third party trainings for ISO 14000, ISO50001, ISO 14064 certifications to build understanding of how to create better management systems. As part of our "beyond compliance" energy program, suppliers are required to hire/designate qualified Energy Managers, created Energy Teams, and complete annual trainings. By collaborating with leading experts from IFC, Aii, and GIZ, we have connected suppliers with third party experts that train factory teams and support suppliers to build capacity.

#### Comment

---

## C12.1b

---

**(C12.1b) Give details of your climate-related engagement strategy with your customers.**

**Type of engagement**

Education/information sharing

**Details of engagement**

Run an engagement campaign to education customers about your climate change performance and strategy

**% of customers by number**

100

**% of customer - related Scope 3 emissions as reported in C6.5**

50

**Portfolio coverage (total or outstanding)**

<Not Applicable>

**Please explain the rationale for selecting this group of customers and scope of engagement**

All customers are within scope of our green leaf program that launched on apparel in 2020. Consumers, media and NGOs are increasingly aware of climate change, and the expectations for business continue to grow. 1 in 3 of our target consumer audience lists climate change as their top environmental concern, and we have seen increased consumer interest in sustainable products and general consumer awareness of environmental issues related to footwear and apparel. New Balance's product sustainability strategy includes specific efforts around low-climate impact materials, product circularity, and consumer dialogue. We are actively building more consumer-facing campaigns to educate our consumers about our climate change performance, strategy, and goals. In 2020, New Balance launched a new green leaf icon to indicate products that are made with a majority of preferred materials, including recycled polyester, which has a significantly lower carbon impact than virgin polyester. The green leaf icon was launched in 2020 on apparel and applied to roughly 20% of apparel skus. The green leaf icon is visible on physical hangtags and digitally on product description pages to communicate to consumers about our efforts. The digital green leaf icon and a QR code on physical hangtags are linked to New Balance's Responsible Leadership website that provides further information about our preferred materials and how they fit into our overall climate strategy. In addition to the green leaf campaign, we also started a new partnership with 1% for the Planet in the U.S., where a portion of sales is being donated to benefit non-profit organizations specifically working on climate change and protecting public land. This program is intended to speak directly to consumers through product—our most important touch point—and help engage consumers in climate change advocacy and protecting the outdoor spaces where we love to run.

**Impact of engagement, including measures of success**

The green leaf icon was launched in 2020 on apparel and applied to roughly 20% of apparel skus. Measures of success include sales of green leaf items, positive consumer and media coverage, and year-on-year growth of the green leaf program in terms of sku% coverage. Our direct-to-consumer team is also creating reports to track site traffic data that will indicate how many consumers are visiting our Responsible Leadership report from green leaf product pages and hangtag QR codes.

**C12.3**

**(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**

Direct engagement with policy makers  
Trade associations

**C12.3a**

**(C12.3a) On what issues have you been engaging directly with policy makers?**

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Clean energy generation	Support	New Balance continues to work with USAID's Vietnam Low Emission Energy Program (V-LEEP) to accelerate clean energy development in Vietnam, which includes working together with the Vietnamese government and stakeholders on legislation advocacy to help steer government policy to improve access to renewables.	Approval from Vietnam Ministry of Industry and Trade (MOIT) to allow businesses in Vietnam direct access to and purchase of power from private renewable energy companies.
Clean energy generation	Support	In 2020, New Balance signed a joint Declaration of Support for Renewable Energy in Mexico to promote more renewable energy solutions, coordinated by WRI Mexico and the Clean Energy Investment Accelerator.	Seeking renewable energy solutions for facilities in Mexico and open dialogue with the Ministry of Energy, as well as other competent authorities to understand what impacts they will have on the supply of renewable energy in Mexico. Supports investment in renewable energy and open access to increase competitiveness, reduce operating costs, create jobs, and support economic recovery.
Clean energy generation	Support	As part of New Balance's target to use 100% renewable electricity in owned and operated facilities by 2025, we joined RE100, a global initiative led by The Climate Group in partnership with CDP, designed to engage, support and showcase influential businesses making similar commitments.	To achieve zero carbon electricity grids by 2040, companies need to be able to source 100% renewable electricity at reasonable cost. RE100 addresses the market and policy barriers preventing companies from sourcing renewables by: (a) Advocating for change at a global level. Six policy measures support corporate sourcing of renewable electricity globally; (b) Advocating for change at a local level. RE100 works with partners and members to leverage corporate commitment and influence policies in markets with little or no access to renewable electricity.
Other, please specify (Low-carbon economy)	Support	New Balance signed the We Are Still In statement.	Called for an ambitious national climate response as part of the COVID economic recovery plans.

**C12.3b**

**(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?**

Yes

**C12.3c**

---

**(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.**

**Trade association**

American Apparel and Footwear Association (AAFA)

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

Representing more than 1,000 world famous name brands, the American Apparel & Footwear Association (AAFA) is the trusted public policy and political voice of the apparel and footwear industry, its management and shareholders, its four million U.S. workers, and its contribution of \$384 billion in annual U.S. retail sales. The AAFA holds that the best way to reduce carbon emissions and therefore climate change is to pursue multilateral negotiations that would shape a post-Kyoto approach to global climate change policy. AAFA is working to minimize our industry's impact on the environment, seek greater awareness among the industry on measures individual companies can take to address climate change, accelerate our members' individual journeys toward sustainability, and tell our story about this work to create systemic and irreversible change.

**How have you influenced, or are you attempting to influence their position?**

New Balance is a member of the AAFA Board and an active participant in the AAFA Environment Committee (EC).

---

**Trade association**

National Association of Manufacturers (NAM)

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

The time for bold climate action is now. Manufacturers are committed to acting responsibly in helping to maintain a clean and prosperous environment. We owe this to the people and communities we serve, to our customers across the globe and to the millions of men and women who make things in America. We have made great strides as a nation to reduce the emissions that cause climate change. However, we have done so in spite of the policies set by Washington, not because of them. In our nation's capital, we have spent far too long apportioning blame over climate change and far too little time working on solutions. We're calling for action. And with this plan, we are providing a road map. Why? Because manufacturing holds the key to solving this global challenge. Think about the technologies that will get us there. Clean energy. Carbon capture. Batteries. Microgrids. Efficiency. Advanced vehicles. Manufacturers make these products and technologies and will continue to invent new ones. Confronting climate change will not be easy. But it is neither the first nor the last challenge that manufacturing ingenuity will solve. And if we work together—if we rise above politics and partisanship and focus on solving problems—we can make our vision of a brighter tomorrow into reality.

**How have you influenced, or are you attempting to influence their position?**

We do not actively shape or influence NAM's climate position.

---

**Trade association**

Retail Leaders Industry Association (RILA)

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

Climate change is a bigger threat than any one individual, company, industry, or government can address on its own. As the trade association of our country's leading retail companies, RILA believes effective public policy has a critical role to play in protecting communities and economies globally from climate change's most disruptive impacts. The United States should not shy away from its obligation to act. We urge the Biden administration and Members of Congress to collaborate on bipartisan legislation that supports innovation, economic resiliency, and energy efficiency to help the United States prepare our economy and workforce to meet necessary emissions reductions. Responding to the economic and moral imperatives of addressing climate change requires thoughtful and meaningful action. Leading retailers know the intricacies of navigating complex relationships and operational realities in the pursuit of sustainability. The retail industry is an ally in the fight against climate change and stands ready to partner with policymakers and provide constructive insights as we work towards achievable goals.

**How have you influenced, or are you attempting to influence their position?**

We do not actively shape or influence RILA's climate position.

---

**Trade association**

Outdoor Industry Association (OIA)

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

The impacts of climate change are more and more evident each day. Through the outdoor industry lens, it's clear we must engage, which is why we've made tools for you to act, advocate and mitigate in the name of climate action. The \$887 billion outdoor recreation industry is uniquely threatened by climate change. Outdoor brands are founded on the values of innovation and promoting environmental and social responsibility, putting us in a unique place to help work towards solutions. Full climate position can be seen here: <https://outdoorindustry.org/advocacy/climate/>

**How have you influenced, or are you attempting to influence their position?**

New Balance is a member of the OIA Sustainability Advisory Council. The Sustainability Advisory Council convenes industry representatives to advise the OIA staff, leadership and SBI Board Committee members on goals, strategies and tactics that guide the industry toward specific outcomes in pursuit of this vision and mission. With the launch of the Climate Action Corps in January 2020, Council activities now focus primarily on developing and advancing the industry's strategic direction to address the threat of climate change.

---

**Trade association**

World Federation of the Sporting Goods Industry (WFSGI)

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

See position paper: [https://wfsgi.org/wp-content/uploads/2020/12/WFSGI-Climate-Change\\_0.pdf](https://wfsgi.org/wp-content/uploads/2020/12/WFSGI-Climate-Change_0.pdf) Many of our members are particularly vulnerable to the physical effects of climate change. There are also reputational drivers as the topic gains a higher profile. We believe that climate change is a critical issue that both affects and is affected by all members, and that all have a responsibility to reduce their impacts and improve their ability to adapt to our changing climate. Indeed, we believe that in the coming years

---

the growing physical impacts of climate change – along with the growing cost of conventional energy and increased legislation – will compel decisive action and offer advantages to companies who act promptly. Climate change is arguably the gravest threat we currently face, and it demands urgent and decisive action. The sporting goods industry in particular faces a range of specific – and growing – climate-related risks, which together provide a compelling basis for members to take steps to mitigate both their exposure and their impact. Climate change both affects, and is affected by, all our members. As such, all have a contribution to make. Moreover, in our view, our industry has a particular responsibility to take action, given that the promotion of wellbeing and enjoyment of nature are central to the practice of sport. We believe that all members should take steps to develop resilience to climate change by reducing their own impacts and improving their ability to adapt to a changing climate. Brands and retailers should show leadership by reducing the direct impact of their operations. This includes implementing energy efficiency measures – such as energy efficient IT, lighting, and heating and cooling systems – as well as promoting water efficiency and managing waste. A brand's climate change impact is predominantly in its supply chain, however, so brands should also integrate climate considerations into their sourcing processes. This may include helping suppliers to reduce their emissions, adopt energy efficiency measures and implement renewable energy programmes, as well as to develop more climate-resilient infrastructure. Manufacturers should invest in renewable energy and new technology to improve their efficiency and reduce their climate impacts. They should consider moving towards lower-impact, or recycled, raw materials.

**How have you influenced, or are you attempting to influence their position?**

New Balance is a member of the WFSGI Board and the WFSGI Corporate Responsibility (CR) Committee, which issues a series of position papers on critical topics, including climate change.

---

**Trade association**

UN Fashion Industry Charter for Climate Action

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

Supports the fight against climate change with aggressive goals across Scopes 1, 2, and 3, with an eye toward net zero. This program is run under the umbrella of UNFCCC.

**How have you influenced, or are you attempting to influence their position?**

New Balance leads a working group on Scope 1 & 2 emissions reduction and is a member of the Charter Steering Committee.

---

**Trade association**

Leather Working Group (LWG)

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

LWG is a multi-stakeholder group that (a) develops and maintains the leading global protocol for assessing the environmental compliance and performance capabilities of tanneries and (b) promotes sustainable and appropriate environmental business practices within the leather industry, including better traceability of leather hides. The group seeks to improve the tanning industry by creating alignment on environmental priorities, bringing visibility to best practices and providing suggested guidelines for continual improvement.

**How have you influenced, or are you attempting to influence their position?**

New Balance is a member of the Leather Working Group, which focuses on responsible sourcing and management of leather as it relates to land-use and tanning, both of which influence climate change. Gold-level rated tanneries are included in our definition of preferred leather that can count toward our 100% preferred leather goal by 2025.

---

**Trade association**

Federation of the European Sporting Goods Industry (FESI)

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

FESI supports climate action.

**How have you influenced, or are you attempting to influence their position?**

New Balance engages in EU environmental policy, including climate change, mainly through our membership in FESI. We occasionally provide feedback to FESI as they draft position papers and responses to public comment.

---

**C12.3f**

---

**(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

The activities described above that influence policy are coordinated between New Balance's Head of Global Sustainability and Director of Public Relations and Government Affairs to ensure consistency with our climate change strategy and corporate position.

**C12.4**

---

**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

**Publication**

In voluntary sustainability report

**Status**

Underway – previous year attached

**Attach the document**

1  
12-4 attachment with website link.docx

**Page/Section reference**

See "Energy and Climate" section with three sub-sections: Commitments, Supply Chain, and Collaboration

**Content elements**

Governance  
Strategy  
Risks & opportunities  
Emission targets

**Comment**

New Balance's Responsible Leadership site provides details about our response to climate change. GHG emissions performance data is not yet published on the site but will be included in future site updates planned for 2021.

C15. Signoff

C-FI

**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

C15.1

**(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	General Counsel	Other C-Suite Officer

SC. Supply chain module

SC0.0

**(SC0.0) If you would like to do so, please provide a separate introduction to this module.**

SC0.1

**(SC0.1) What is your company's annual revenue for the stated reporting period?**

	Annual Revenue
Row 1	

SC0.2

**(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?**

SC1.1

**(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.**

SC1.2

---

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

SC1.3

---

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
-----------------------	--

SC1.4

---

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

SC2.1

---

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

---

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

SC4.1

---

(SC4.1) Are you providing product level data for your organization's goods or services?

Submit your response

---

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain questions?
I am submitting my response	Customers	Public	<Not Applicable>

Please confirm below

I have read and accept the applicable Terms